

Church, Steve@ARB

From: Ken Johnson [kjinnovation@earthlink.net]
Sent: Wednesday, October 14, 2009 6:48 PM
To: Church, Steve@ARB; FitzGibbon, Michael@ARB
Subject: [Fwd: public comments]
Attachments: CleanCarFinancing_DRAFT_2009_06_01.doc

----- Original Message -----

Subject:public comments
Date:Fri, 09 Oct 2009 14:36:12 -0700
From:Ken Johnson <kjinnovation@earthlink.net>
To:schurch@arb.ca.gov

Re Public Review Draft for ETAAC Update on Advanced Technology Development - dated September 18, 2009

The easiest and cheapest way to achieve significant greenhouse gas reduction in the near term is through energy efficiency, and the greatest opportunities for efficiency gains can be found in light-duty transportation technologies. The magnitude of the untapped potential is evidence by the AB32 Scoping Plan's estimated incremental cost for Pavley 2 relative to Pavley 1: minus \$262 per ton-CO2, i.e. a net gain. The magnitude of the potential savings indicates that market incentives alone could motivate efficiency gains far beyond any existing or contemplated regulatory measures if only consumers adequately valued long-term cost savings, and it suggests that vehicle technology is constrained not by lack of a carbon price, but rather by a lack of efficient financing mechanisms.

CARB's regulatory strategy for LDV transportation is based on tradable standards and feebates, both of which employ pricing incentives. A promising alternative would be financing mechanisms that do not rely on financial penalties or rewards, but only operate to shift long-term fuel-saving incentives into short-term vehicle pricing incentives. Attached herewith is an outline of one type of "clean-car financing program," which would operate very much like feebates except that it would not induce "wealth transfers" between vehicle owners or manufacturers, and could hence create incentives close to the cost-effectiveness threshold. (CARB's feebate research committee declined to evaluate this approach because it was outside the scope of their contract. I plan to develop this into a publication at a later date.)

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